

Message Text

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47

ACTION SS-25

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R 161450Z JUN 75
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INFO AMEMBASSY BONN
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C O N F I D E N T I A L CAIRO 5976

EXDIS

E.O. 11652: GDS
TAS: USEGJC EAID IBRD
SUBJECT: EMERGENCY ASSISTANCE TO EGYPT

REF CAIRO 5927

1. IBRD REPS CALLED ON CHARGE JUNE 16 TO REPORT THEIR CONCERN OVER GOE'S NON-COMMITTAL AND "THANK YOU VERY MUCH" REACTION TO BANK'S PRELIMINARY PAPER ON SUGGESTIONS TO IMPLEMENT UNDERTAKINGS IN PRIMIN SALIM'S LETTER TO MCNAMARA.

2. PAPER, WHICH REPS FELT THEY SHOULD NOT PROVIDE TO USG, IS EVIDENTLY NON-CONTROVERSIAL SERIES OF SUGGESTIONS DESIGNED TO SERVE MERELY AS STARTING POINT IN IBRD-GOE DIALOGUE. REPS SAID IT COULD NOT POSSIBLY BE SOURCE OF DISAGREEMENT SINCE ANY WAY EGYPTIANS WISH TO DEVELOP THEIR PROGRAM OF IMPLEMENTATION IS ACCEPTABLE TO BANK. THIS POINT HAS REPEATEDLY BEEN MADE CLEAR, ACCORDING TO REPS. NONETHELESS, MINECON COOP UNDER SEC SUWAILAM CLEARLY SPEAKING ON INSTRUCTIONS, REPORTEDLY EXPRESSED DISCONCERTING VIEW THAT GOE OBJECTS TO EFFORTS OF OTHERS TO "CRAM ECONOMIC REORGANIZATION DOWN OUR THROATS".
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3. AS RESULT, REPS ARE NOT LONGER CERTAIN EGYPTIANS ARE "SERIOUS" ABOUT MAKING NECESSARY CHANGES IN PRESENTLY EXISTING UNCONTROLLED SITUATION. THEY ASKED IF USG WERE AWARE OF ANY NEW ASSISTANCE THAT HAD BEEN PROMISED, SINCE THIS WOULD HELP EXPLAIN WHAT THEY VIEWED AS ABRUPT CHANGE IN ATTITUDE, AND WERE TOLD BY CHARGE THAT DISCUSSIONS WERE STILL GOING ON WITH PROSPECTIVE DONORS. SECOND POSSIBLE CAUSE, THEY FELT, WAS CONCERN OF MINFIN AND MINECONCOOP THAT ESTABLISHMENT OF SECRETARIAT IN PRIMIN'S OFFICE, STILL PRINCIPAL GOAL OF IBRD TREAM AND PRIMARY POINT IN THEIR PROPOSAL, WOULD CONSTITUTE REDUCTION OF THEIR ROLES. SECRETARIAT MAY WELL BE STICKING POINT, BUT IN IBRD VIEW, IT ONLY IS ALSO PART OF PROGRAM THAT HAS PROMISE OF IMPROVING SITUATION.

4. REPS HAVE PROVIDED COPIES THEIR DRAFT TO ABOVE TWO MINISTERS, AS ONES WITH WHICH THEY WORK MOST CLOSELY, AND ASKED FOR SUGGESTIONS AS TO BEST MEANS INSURE PRIMIN SALIM WAS ALSO INFORMED. CHARGE THOUGHT THAT, SINCE THEY HAD CALLED ON PRIMIN INITIALLY, IT WOULD BE APPROPRIATE TO PROVIDE HIS CHEF DE CABINET WITH COURTESY COPY FOR FORMER'S INFORMATION. REPS ALSO PLANNED TO INCLUDE REFERENCE TO THEIR SUGGESTIONS IN MCNAMARA'S REPLY TO SALIM'S LETTER WHICH WILL BE SENT ONLY AFTER THEIR RETURN TO WASHINGTON.

5. REPS HAVE ONLY TWO MORE WORKING DAYS IN CAIRO, DURING WHICH THEY WILL CALL ON SAME TWO MINISTERS ONCE MORE. THEY PLAN TO STRESS AGAIN COMPLETELY NEGOTIABLE POSITION TAKEN BY BANK WITH REGARD IMPLEMENTATION OF PROGRAM AND TIMING OF STEPS. THEY SHARE OUR GROWING CONCERN THAT GOE MAY NOT FOLLOW THROUGH ON INTENTIONS RE POSSIBLE REFORMS EXPRESSED IN SALIM'S LETTER AND ON OTHER OCCASIONS, SINCE PROMISES - AND/OR HOPES - OF FINANCIAL ASSISTANCE HAVE REMOVED, OR AT LEAST POSTPONED, SPECTER OF FINANCIAL COLLAPSE. MAESTRONE

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